

# Test Proposal #1

## Regular Levy for School Districts

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Presented to the Levy and Local Effort  
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July 23, 2010

# Regular Levy “Test Proposal”

- Grant Districts the Authority to Run a Local School Regular Levy (up to \$1.00)
- Districts Could Run an Excess M&O Levy if Needed
- Total Regular & Excess Levy Funding Could Not Exceed the 28% Lid
- No Changes to Current Local Effort Assistance (Levy Equalization) Policy

# Regular Levies Currently

- Total Regular Levy Limited by Constitution at \$10 per \$1,000 of assessed value
- Statute Specifies State and Local Amounts:

– State School Levy	\$3.60
– Local Regular Levy	\$5.90
– <u>(undesignated)</u>	<u>\$0.50</u>
<b>TOTAL</b>	<b>\$10.00</b>

# Regular Levy Rates Vary County by County

- See Attachment 1
- Across the State, Regular Local Levies Nearing the \$5.90 Limit (Average is \$4.09 for 2009)
- Across the State, State School Levy Under the \$3.60 Limit (Average \$1.98 for 2009)

# What If? Local School Regular Levy

## Current Law

State School Levy	\$3.60
Local Regular Levy	\$5.90
<u>(undesignated)</u>	<u>\$0.50</u>
<b>TOTAL</b>	<b>\$10.00</b>

## Proposal

State School Levy	<del>\$3.60</del> \$2.60
Local School Regular Levy	\$1.00
Local Regular Levy	\$5.90
<u>(undesignated)</u>	<u>\$0.50</u>
<b>TOTAL</b>	<b>\$10.00</b>



# School District B

1. Levy Base (State & Fed. \$)	\$24 m
Levy Lid	28%
<b>Total Levy Authority</b>	<b>\$7 m</b>
 2. Adjusted Assessed Value:	 \$6,000 m
 3. Amount of Local Effort Assistance (LEA)	 \$0
Percent of Levy Authority Covered by LEA	0%
 4. Revenue from \$1.00 Regular Local School Levy	 \$6 m
Percent of Levy Authority Covered by \$1.00 Regular Levy	86%
 5. New Maximum Amount for Excess M&O Levy	
Levy Authority	\$7 m
Less LEA	\$0
Less \$1.00 Regular Local Sch. Levy	(\$ 6 m)
<b>New Maximum Amount for Excess M&amp;O Levy</b>	<b>\$1 m</b>
Percent of Levy Authority Covered by Excess M&O	14%

# What About Revenue Growth?

- **Regular Levies Collection**

Amount Limited to Growth of 1% (or inflation) + New Construction

– Note: New Construction Vary District by District

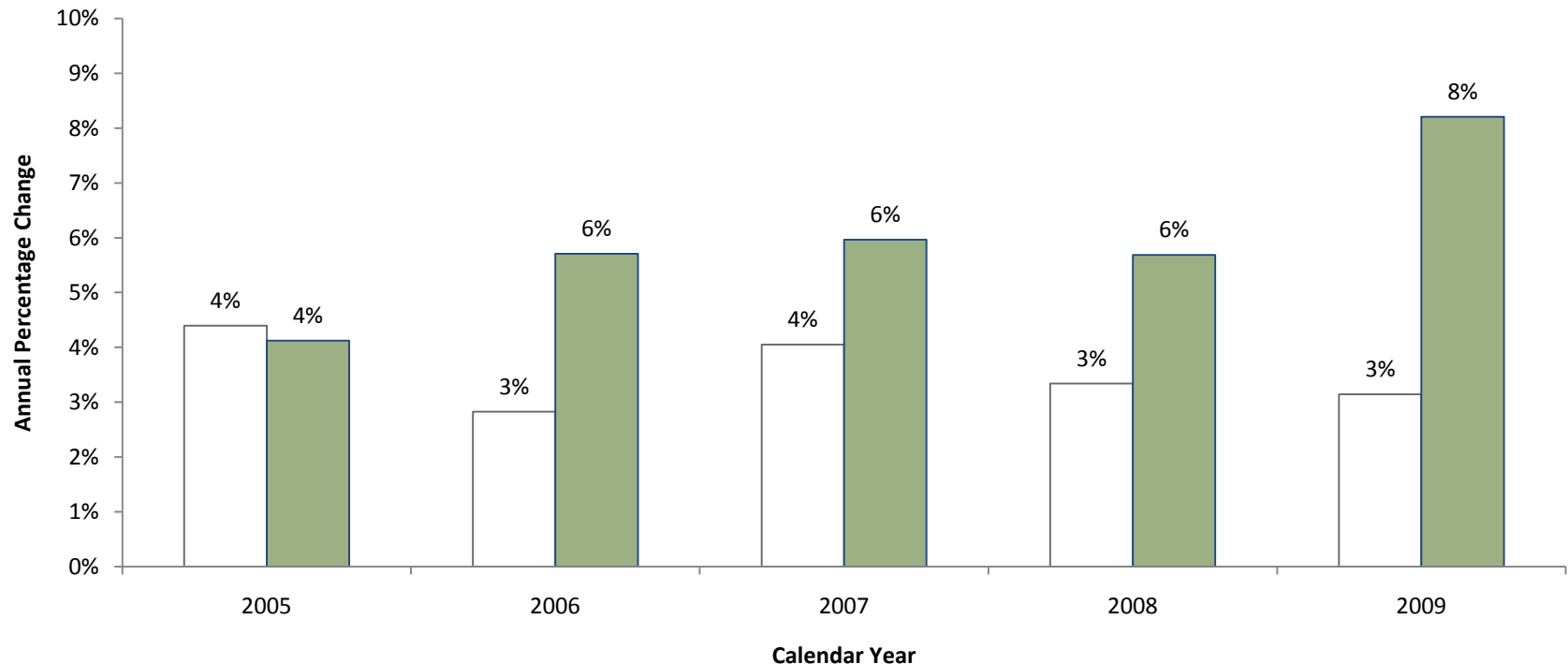
- **Revenue from Excess M&O**

Levies Limited to Levy Lid  
(28% or Grandfathered Rate)



# What Does Revenue Growth Look Like? Statewide Picture

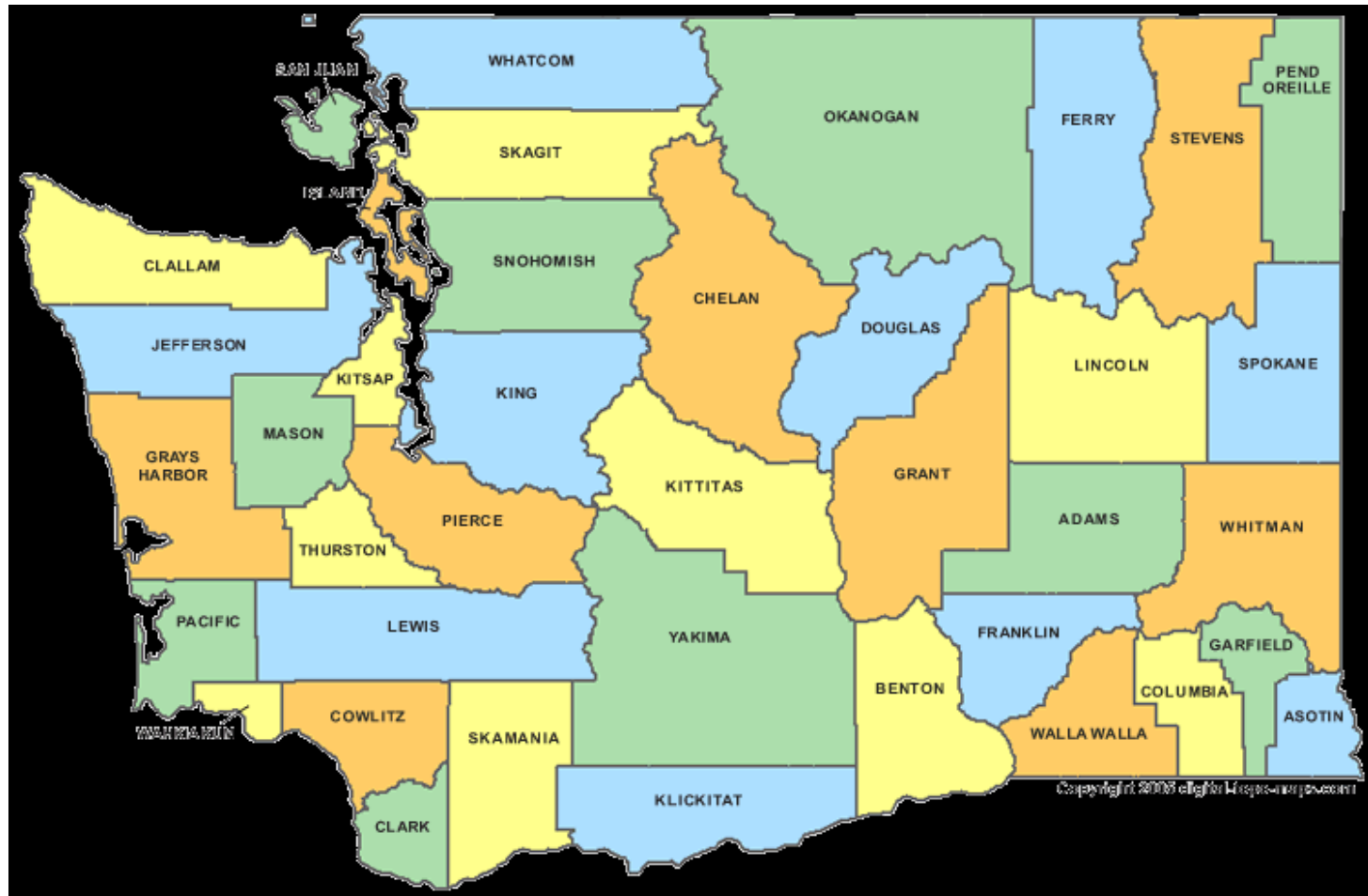
**Annual Growth In Collections for the State's Regular School Levy Has Been Less than Annual Growth in Total Collections for District Excess M&O Levies.**



□ Percentage Change State Regular School Levy Collections    ■ Percentage Change Local Excess M&O Levies Collections (Statewide Total)

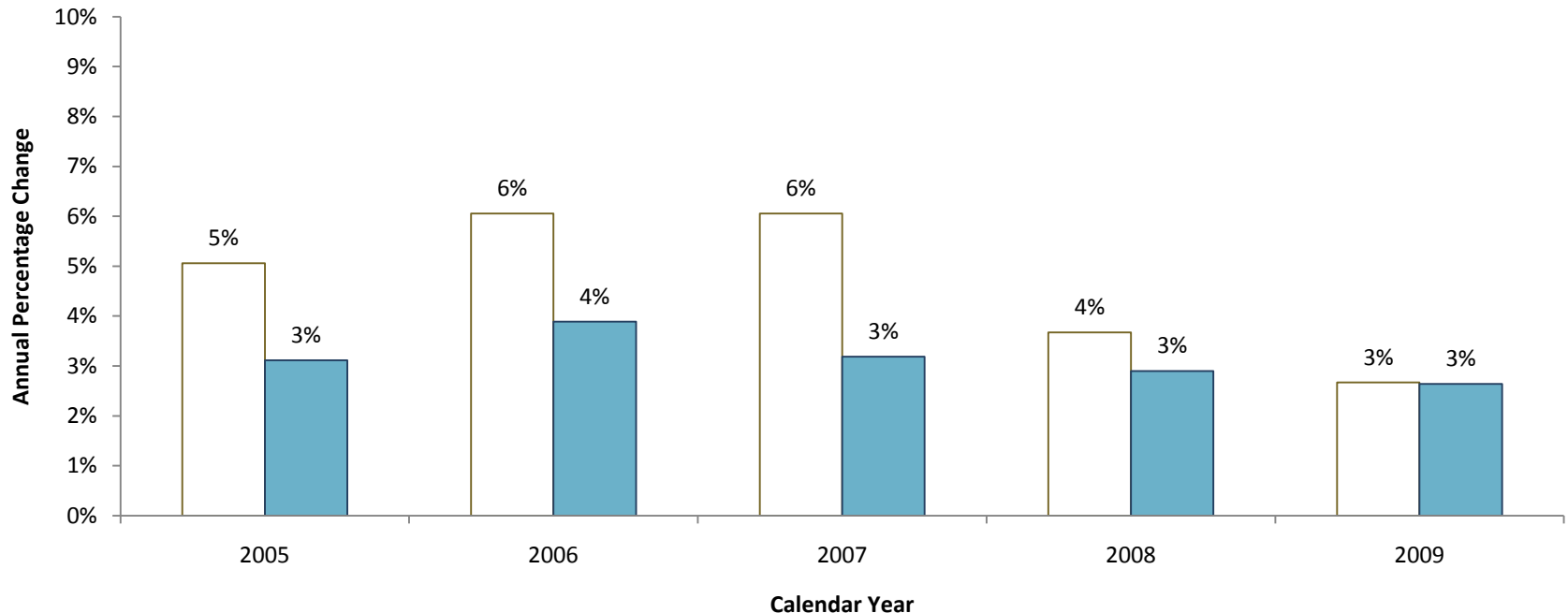
2005-2009, DOR 2009 Property Tax Statistics, Table 9: Property Taxes by Fund. 2004, DOR 2004 Property Tax Statistics, Table 9: Property Taxes by Fund.

# However, Statewide Changes Mask Local Variation in New Construction



# Comparison of Two Counties: Clark & Yakima

**Clark County experienced more new construction in the Mid-2000s than Yakima County. Impact: Annual growth in collections for the Clark County's General Regular Levy outpaced Yakima County's collections growth.**



□ Percentage Change Clark County General Regular Levy Collections   ■ Percentage Change Yakima County General Regular Levy Collections

Source: DOR Property Tax Statistics, Publications for Years 2004-2009, Table 10: Property Taxes Due by Major Taxing District and County, County General Levy

# County Example Translated to \$1.00 Regular School District Levy

- **Annual Growth in Regular Levy Revenue Will Vary by District**
  - Variation in New Construction Across the State
  - Variation in New Construction within Adjacent School Districts